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RUEHBJ/AMEMBASSY BEIJING 5361  
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RUEHSH/AMCONSUL SHENYANG 4001  
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SUBJECT: SEOUL - PRESS BULLETIN; March 11, 2009

TOP HEADLINES

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Chosun Ilbo  
80 Percent of Protesters Arrested for Violence  
during Last Year's Anti-U.S. Beef Rallies Receive  
Light Punishments  
JoongAng Ilbo  
ROK Ranks Second among 110 Countries  
in "Global Innovation"  
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Education Ministry to Hire 2,876 Teacher Interns  
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U.S. Again Puts the Brakes on KORUS FTA  
Hankyoreh Shinmun, Segye Ilbo  
Korean Council for University Education Seeks to Allow Universities  
to Administer Own Entrance Exams and  
to Grade High Schools for Admission  
Seoul Shinmun  
Regional Offices of National Agricultural Cooperative Federation  
Moving Backward on Reform

DOMESTIC DEVELOPMENTS

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USTR Nominee Ron Kirk, in his March 9 confirmation hearing at the  
Senate Finance Committee, said that the KORUS FTA is not fair. He  
was quoted as saying: "In the case of Korea, the current status quo  
simply isn't acceptable. President Obama has said, and I agree, the  
agreement as it is just simply isn't fair." (All)

The ROKG, however, downplayed the USTR nominee's remarks with a Blue  
House official saying: "His remarks can't represent the official  
position of the U.S. government. We're, first of all, going to have  
to find out why and on what grounds he made such remarks." (All)

The opposition parties reiterated their calls for the ruling party  
to drop its plan to ratify the KORUS FTA as soon as possible.  
(Chosun, Dong-a, Hankook, Hankyoreh, Segye, Seoul, OhmyNews,  
Pressian)

North Korea reopened the border to Koreans yesterday, just a day after it cut off military communication lines with the ROK virtually detaining 620 Koreans. (All)

Uncertainty lingers on, however, as the sole military communication lines between the two Koreas remain cut off. An ROKG official was quoted as saying: "Nobody knows when North Korea will ban overland travel again under whatever pretext." (Chosun) Experts analyzed that the North's latest move might have been prompted by the North's concerns that the blockade on the Kaesong Industrial Complex might be counterproductive to having a dialogue with the U.S. (JoongAng)

Former President Kim Dae-jung, in a March 10 telephone conversation with Stephen Bosworth, the U.S. Special Representative for North Korea Policy, said that North Korea is making unreasonable moves but that the U.S. should have patience in dealing with the communist state. Ambassador Bosworth was quoted as responding: "We can't overreact to what North Korea does." (JoongAng, Hankyoreh, Pressian)

#### INTERNATIONAL NEWS

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According to the Chinese Foreign Ministry, North Korea's Premier Kim  
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Yong-il will officially visit China from March 17-21 at the invitation of his Chinese counterpart Wen Jiabao. (Dong-a, Segye, Seoul)

#### MEDIA ANALYSIS

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-KORUS FTA

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The ROK media gave prominent attention to USTR Nominee Ron Kirk's remarks during his March 9 confirmation hearing at the Senate Finance Committee, quoting him as saying: "In the case of Korea, the current status quo simply isn't acceptable. President Obama has said, and I agree, that (the agreement) as it is just simply isn't fair."

The ROK media also gave attention to the ROKG's response, reporting that Seoul downplayed the USTR nominee's remarks. A Blue House official was widely quoted as saying: "His remarks can't represent the official position of the U.S. government. We're, first of all, going to have to find out why and on what grounds he made such remarks." The opposition parties were also cited as responding by reiterating their calls for the ruling party to stop pushing for an early ratification of the KORUS FTA.

Chosun Ilbo editorialized: "It is true that the Obama Administration has a negative view of the KORUS FTA. Considering this atmosphere, it is still inappropriate for the USTR, Washington's chief negotiating representative regarding the bilateral FTA, to say, even before formally assuming his position, that his country is willing to 'step away.' His comments threaten a trade war without even discussing the matter with the other side unless the ROK makes unconditional concessions. Which country in the world will be able to trust the U.S. - the world's most powerful country - if it says the deal "simply isn't acceptable," just because a new administration has stepped in? If the framework of the KORUS FTA is broken, then the U.S. stands to lose international credibility as well as commerce."

JoongAng Ilbo's editorial argued: "We regard the already concluded KORUS FTA as a successful pact which strikes the balance between the interests of both nations. If the FTA is changed every time a government changes, it undermines the stability of the trade pact and violates international norms. The Obama Administration could,

of course, propose additional negotiations about the auto provision of the FTA. However, it is unreasonable to have renegotiations which completely ignore the previous agreement. Our position is that the framework of the ROK-U.S. FTA should remain intact. We are also well aware of how severely the U.S. auto industry is suffering these days. However, an imbalance in auto sales between the two nations is basically attributable to a difference in the competitiveness of automakers in both nations, and therefore, is not a matter to be corrected through the FTA. Furthermore, the age limit for cattle used in beef imports is basically a separate matter from the KORUS FTA. It is inappropriate to link the FTA with the issue that should be resolved through bilateral negotiations on sanitary and quarantine measures."

Dong-a Ilbo's editorial echoed JoongAng's views, stating: "The KORUS FTA is a 'win-win' structure for both nations. The U.S. manufacturing industry, except automakers, and investors in commercial finance are continuously calling on President Obama to 'ratify the KORUS FTA as agreed.' Accordingly, any attempt to overturn the agreement between the governments in order to protect a certain industry also violates international customs. It is worrisome that U.S. officials' demanding attitude may spread anti-U.S. sentiment from some quarters of our society (across the nation.)"

Hankyoreh Shinmun editorialized: "It seems inevitable that there will be revisions to the KORUS FTA in some form or another. If this happens, the basis for the ROKG's argument for early ratification

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will weaken. Accordingly, the most realistic course, and the one best suited to our national interests, is to stop fixating on early ratification and to conduct a complete review of the agreement."

-North Korea

North Korea's reopening of the border to ROK people yesterday - just a day after it cut off military communication lines with the ROK virtually detaining 620 ROK people - received wide play. Chosun Ilbo, commented that uncertainty, however, lingers on as the sole military communication lines between the two Koreas remain cut off. Chosun quoted an ROKG official as saying: "Nobody knows when North Korea will ban overland travel again under whatever pretext." JoongAng Ilbo headlined its story: "North Korea Might Have Worried that Holding Civilians Hostage Might Backfire on Dialogue with the U.S. "

Most of the ROK media gave play to a March 10 telephone conversation in Seoul between former President Kim Dae-jung and Stephen Bosworth, the U.S. Special Representative for North Korea Policy. Former President Kim was quoted as saying that North Korea is making unreasonable moves but that the U.S. should have patience in dealing with the communist state, while Ambassador Bosworth was quoted as responding: "We can't overreact to what North Korea does."

U.S., China at Odds over Navy Ship "Harassment"

Most of the ROK media reported that the U.S. and China are at odds after Chinese vessels threatened a U.S. Navy ship, the Impeccable, in the South China Sea. The ROK media cited China as accusing the USNS Impeccable of carrying out an illegal survey off southern Hainan Island, while reporting the U.S. as claiming that the Impeccable had been conducting routine operations in the South China Sea in accordance with customary international law. Chosun Ilbo commented that China might have intended to clarify its sovereignty over the Nansha Islands in the South China Sea amid territorial disputes with six other countries, including Vietnam, the Philippine and Malaysia, over the islands. Chosun went on to speculate that China might be "testing" the Obama Administration.

OPINIONS/EDITORIALS

Does Obama Want to Be Robin Hood?  
(JoonAng Ilbo, March 11, 2009, Page 26)

By Editorial writer Kim Jong-soo

It seems that at present U.S. President Obama is shouldering the heaviest burden in the world. This is because he is the president in a country which supposedly should play the biggest role in the most difficult times. Unless the U.S. economy is revived, the world economy will remain mired in economic woes. Thus, the world is counting on President Obama with high anticipation.

The reality of Obamanomics was revealed.

Only a month and a half since the inauguration of the Obama Administration, public support and bi-partisan cooperation are overshadowed by bitter political bickering and partisan conflicts. In particular, various kinds of economic policies proposed by the Obama Administration have stirred anxiety. Some say sarcastically that Obama is making trouble rather than solving problems. What on earth went wrong?

First of all, it is doubtful whether the Obama Administration is capable of riding out the unprecedented crisis. Alarming, it seems that the Obama Administration is not ready to cope with the economic crisis. Critics say that (the Administration's) bailout packages for ailing financial companies are not transparent and lack principle. The Administration's ambitious stimulus bills focus on spending on welfare rather than boosting productive investment and encouraging the labor market. This ignited opposition among the Republicans. Moreover, the Obama Administration's failed efforts to

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restructure the financial system aggravated the situation. The restructuring plan for financial companies proposed by Treasury Secretary Timothy Geithner triggered a plunge in the stock price.

Extreme conservatives dubbed the budget plan by the Obama Administration a 'socialist' plan and even some Democratic supporters viewed it as too radical. The budget plan called for collecting more taxes from the wealthy and taxing carbon-emitting companies in order to expand medical coverage for the low-income class. President Obama declared that he will cut taxes for the top 2% of income earners but will not increase taxes for households with annual incomes under 250,000 dollars.

Economic recovery cannot be achieved with populism

Those on the right (of the political spectrum) and even moderates criticized the budget plan as being driven by populism which may stoke class conflict. Some people observe that President Obama, who is surrounded by inexperienced radical leftist aides, is trying to change society drastically. Left-leaning media such as the New York Times, which has been supportive of Obama, seems to be turning its back on him, saying that his actions do not follow his words.

Now, Obama should face the grim reality. He cannot salvage his country only with rosy promises and flowery rhetoric. He cannot save his country with a Robin Hood-style policy of stealing money from the rich and giving it all away to the poor. He can draw a lesson from the record of the former Roh Moo-hyun Administration.

The U.S. Is Nowhere in Sight  
(Chosun Ilbo, March 11, 2009, Page 26)

By Editorial Writer Park Doo-sik

President Obama gave a 52-minute speech to the U.S. Congress on February 24. During the most important speech since his inauguration, he talked about global security and economic issues only for less than five minutes. The ROK was mentioned just once, when he said, "New plug-in hybrids will run on batteries made in Korea." On the campaign trail, he had often noted, "When Japan and the ROK are producing it, why not the U.S.?" The reason why Obama's economic stimulus bill includes the "Buy America" provision, and a series of statements targeting the FTA are recently coming out of the U.S., is due to an obsession with "made in the U.S." Whenever controversy arises, the Obama Administration tries to settle the

dust by saying "no" to protectionism, but it fails to look beyond the "boundary of the U.S."

This might be the reason why, although President Obama once said that he could not afford to waste even one minute or one second in addressing the economic crisis, he has yet to set out any initiative to resolve the crisis, which has spread throughout the world, in cooperation with other nations. Rather, he seems to be giving an impression that he is ignoring this issue or taking the wrong path to protectionism. The U.S. leadership is nowhere in sight. The current economic crisis cannot be resolved if the U.S. only cleans its own house or protects its own boundaries. President Obama said during his Congressional speech, "The eyes of all people in all nations are once again upon us - watching to see what we do with this moment; waiting for us to lead." However, no one can tell us how long we have to wait. Soon, some people may say that they miss the days when the U.S. did a good job.

Another Shot at a Problematic FTA  
(Hankyoreh Shinmun, March 11, 2009, Page 27)

In a Senate confirmation hearing yesterday, Ron Kirk, the nominee for United States Trade Representative, said of the South Korea-U.S. free trade agreement that "the current status quo simply isn't acceptable." He added that it was a mistake to write off concerns that Americans are losing jobs because of trade as simple protectionism. While it goes against general international practice, he appeared to find the whole agreement problematic,

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reflecting the situation of economic crisis.

It thus appears inevitable that there will be revisions to the FTA in some form or another. If this happens, the basis for the South Korean government's argument for early ratification will weaken. Thus far, the government and ruling party have argued for quick ratification, according to the logic that we must ratify the FTA first if we are to apply pressure so that a ratification bill is passed in the United States. They also opened up the beef market at last year's South Korea-U.S. summit, endangering the people's health and handing over the rights to survival for livestock farms, for the sake of the FTA. But chances are slim that the Democratic Party-led administration and Congress in the United States will go the way our government wishes. The most realistic course, and the one best suited to our national interests, is to stop fixating on early ratification and engage in a total reexamination of this agreement.

It is even more ridiculous to say that the United States found the content of the agreement problematic because it ended up being more beneficial for South Korea. The South Korea-U.S. FTA was an unfair agreement pulled around by the United States from the get-go. First and foremost, there was not sufficient assessment of its effects or a collection of opinions within South Korea. The United States' changes in approach have reaped many rewards, including the major preconditions that included the screen quota, but they appear to be dissatisfied with this and hope to get even more.

Among things cited by the government as results of signing the South Korea-U.S. FTA are trade expansion effects, but the effects of increased trade and improved productivity have been shown to be grossly inflated. Agriculture and pharmaceuticals would be rendered almost defenseless, and their industries could be leveled. Furthermore, if the United States comes to involve itself in every aspect of the policy-making process, citing "investor-state dispute settlement mechanisms," our government's position will only get narrower and narrower.

The largest issues currently confronting our economy are jobless growth and deepening social polarization, and the South Korea-U.S. FTA will only make these worse. To say now, as we are paying the costs of excessive openness, that openness is the only way to survive is not only foolish, it's dangerous. Rather than making do now as though the economy will survive only if the FTA is signed, the government needs to rectify the toxic items and other misguided parts of the agreement.

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

The Framework of the KORUS FTA Should Remain Intact  
(JoongAng Ilbo, March 11, 2009, Page 26)

We regard the already concluded ROK-U.S. Free Trade Agreement (FTA) as a successful pact which strikes a balance between the interests of both nations. If the FTA is changed with every change of administration, it undermines the stability of the trade pact and violates international norms. The Obama Administration could, of course, propose additional negotiations about the auto provision of the FTA. However, it is unreasonable to have renegotiations which completely ignore the previous agreement. Our position is that the framework of the ROK-U.S. FTA should remain intact. Even if we have negotiations again, they should be at the level of additional talks, where only several provisions are adjusted or some exceptions are made to necessary parts.

It is widely known that President Obama has continuously raised a question about the auto sector of the ROK-U.S. FTA. We are also well aware of how severely the U.S. auto industry is suffering these days. However, an imbalance in auto sales between the two nations is basically attributable to a difference in the competitiveness of automakers in both nations, and therefore, is not a matter to be corrected through the FTA. In addition, the age limit for cattle used in beef imports should be a separate matter from the ROK-U.S. FTA. It is inappropriate to link the FTA with an issue that should

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be resolved through bilateral negotiations on sanitary and quarantine measures.

Regrets over the Obama Administration's Perceptions of the KORUS FTA  
(Dong-a Ilbo, March 11, 2009, Page 31)

The ROK-U.S. FTA is a "win-win" structure for both nations. The U.S. manufacturing industry, except automakers, and investors in commercial finance are continuously proposing that President Obama should "ratify the ROK-U.S. FTA as agreed." An attempt to overturn the agreement between the governments in order to protect a certain industry also violates international customs. It is worrisome that U.S. officials' demanding attitudes may spread anti-U.S. sentiment from some quarters of our society (across the nation.) The U.S. should bear in mind the future-oriented development of the ROK-U.S. alliance and look at this issue from a broad point of view.

U.S. Should Not Step Away from the Korea-U.S. FTA (Chosun Ilbo, March 11, 2009, Page 27)

The U.S. Trade Representative-designate Ron Kirk said during a Senate confirmation hearing on Monday (local time), "The president has said, and I agree, the agreement as it is just isn't fair. In the case of Korea, the current status quo simply isn't acceptable. And if we don't get that right, we'll be prepared to step away from that." He also said it was incorrect to describe Americans, who are worried about jobs being lost, as being protectionist.

It is true that the Obama Administration has a negative view of the current Korea-U.S. Free Trade Agreement. During the presidential campaign last year, U.S. President Barack Obama said the FTA was "badly flawed," while Secretary of State Hillary Clinton said during her confirmation hearing in January that the United States had failed to secure fair terms of trade in the pact with Korea in areas including automobiles. Considering this atmosphere, it is still inappropriate for the USTR, who is Washington's chief negotiating representative regarding the bilateral FTA, to say his country is willing to "step away" even before formally assuming his position. His comments threaten a trade war without even discussing the matter with the other side, unless Korea makes unconditional concessions.

Obama used every chance he got to strongly criticize former President George W. Bush for failing to ratify the "Kyoto Protocol," which limits carbon dioxide emissions. Obama argued that Bush had damaged America's credibility by ignoring the international accord

signed by his predecessor, Bill Clinton. Following more than 14 months of negotiations, Korea and the United States agreed on an FTA deal in April of 2007. The only thing left to do was for lawmakers on both sides to ratify it. Yet which country in the world will be able to trust the United States - the world's most powerful country - if it says the deal "simply isn't acceptable," just because a new administration has stepped in?

The biggest reason behind the Obama Administration's stance on the FTA is said to be the need to protect the U.S. automobile industry. But even Senator John McCain, the former Republican presidential candidate, said recently, "I think the best thing that could happen to General Motors, in my view, is they go into Chapter 11." The Wall Street Journal also pointed out that critics of the FTA cite the imbalance in auto markets, but ignore the fact that Korean carmakers are doing a better job than their American counterparts when it comes to producing automobiles that U.S. consumers like. The U.S. auto industry is being dishonest when it tries to use the Korea-U.S. Free Trade Agreement as a sacrificial lamb, while ignoring the fundamental reason behind their loss of competitive edge.

The Korean administration was impacted heavily, while the country experienced a divisive crisis due to the FTA. If the United States demands a re-negotiation of the deal, then Korea may experience incidents like the candlelight protests last spring, when the public hit the streets to oppose imports of American beef. The Korea-U.S. Free Trade Agreement took a tremendous amount of effort to achieve.

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It contains parts that are both satisfactory and unsatisfactory for both sides. The minute one side demands to re-negotiate this deal, the difficult balance that was reached will crumble. If the United States gains concessions from Korea in the auto segment of the deal, then what is America willing to concede to Korea? If the framework of the FTA is broken, then the United States stands to lose international credibility as well as commerce. Both sides must re-examine their positions on the FTA as soon as possible and look for a way to resolve this problem.

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

STEPHENS